



# Department of Justice

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Southern District of Ohio

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## **SIX INDICTED FOR \$15 MILLION MORTGAGE FRAUD SCHEME**

DAYTON – Agencies participating in the Dayton Mortgage Fraud Task Force today began arresting six current or former Dayton-area residents accused of operating an extensive mortgage fraud scheme affecting 210 residential properties, including 205 in Montgomery County, along with 63 investors, and leading to foreclosure of more than 90 percent of the properties. A federal grand jury here indicted the six yesterday.

Gregory G. Lockhart, United States Attorney for the Southern District of Ohio, Keith L. Bennett, Special Agent in Charge, Federal Bureau of Investigation; Jose Gonzalez, Special Agent in Charge, Internal Revenue Service Criminal Investigation, and other members of the Dayton Mortgage Fraud Task Force announced the indictment today after agents and officers began arresting the defendants.

The indictment charges the following individuals:

JULIAN M. HICKMAN, age 30, of East Cleveland and formerly of Centerville,  
KAMAL J. GREGORY, age 34, of Centerville,  
JESSICA A. ZBACNIK, age 41, of Monroe,  
ROBERT MITCHELL, age 42, of Vandalia,  
EDWARD MCGEE, age 74, of Dayton,  
KENNETH O. MCGEE, age 49, of Dayton,

The indictment alleges that the six operated a scheme in which they actively recruited unsuspecting individuals to buy residential properties, the majority of which were low income, dilapidated and otherwise depressed residential properties, at prices artificially inflated above legitimate fair-market values. The alleged scheme involved financing the purchases with \$15 million in mortgage loans obtained through fraud committed against 33 lending institutions. The indictment also alleges that the defendants paid “kickbacks” to the buyers they recruited, promised to pay for all repair costs to the properties, and promised to make the mortgage payments until they located suitable renters.

The indictment alleges that the defendants kept \$7 million from the loans for their personal benefit.

According to the indictment, the six operated and controlled various real estate, mortgage and title insurance-related businesses and corporations throughout the Greater Dayton area including Commercial Property Advisor Group (CPAG), Diamond Vision Capital Group, First Union Appraisals, Gem City Professional Services (GCPS), Option One Appraisals, JMH Real Estate, River City Appraisers, Alliance Mortgage, Gregory Investments, Inc., KG Enterprises, Mad River Properties, Premier Mortgage Funding of Ohio, Star Point Mortgage, Ohio Financial Group, Mortgages Unlimited, Allied Mortgage, E & A Investments, and KM Investments.

“These charges grew from other successful investigations conducted by the Dayton Mortgage Fraud Task Force,” Lockhart said. “The Task Force will continue to unravel the web of deceit that strangles the neighborhoods where mortgage fraud occurs.”

The 13-count indictment charges all six defendants with one count of conspiracy to commit mail fraud, wire fraud, and money laundering. The indictment also contains six counts of mail fraud, two counts of wire fraud involving a financial institution, and one count of money laundering conspiracy. Each count carries a maximum punishment of 20 years imprisonment. The indictment also charges Hickman with three counts of willful failure to file an income tax return, each punishable by up to one year imprisonment. The indictment includes forfeiture allegations that would require the defendants to forfeit their interests in any property traceable to the fraud.

Agencies participating in the Greater Dayton Mortgage Fraud Task Force in addition to the FBI and IRS include the Ohio Department of Commerce Division of Financial Institutions, the Ohio Attorney General’s Office, the U.S. Postal Inspection Service, the U.S. Department of Housing and Urban Development Office of Inspector General, and the Perry Township Police Department.

An indictment is merely an accusation. All defendants should be presumed innocent until and unless the government proves their guilt beyond a reasonable doubt in court.

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